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1898

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Pamphlet F.

**The
Money Question
of Today**



PROGRESS OF EVENTS
AND PUBLIC OPINION
SINCE THE PRESIDENTIAL
ELECTION OF 1896.



... By ...

E. V. SMALLEY

.... Published by the

NATIONAL SOUND MONEY LEAGUE

Headquarters: 740 Monadnock Building,

... CHICAGO ...

1898

No. 10.

THE
MONEY QUESTION
OF
TODAY

Progress of Events and Public Opinion Since the Presidential Election of 1896.

... By ...
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SUBSCRIBE FOR "SOUND MONEY."

"Sound Money," the monthly bulletin of the League, is an illustrated paper of eight pages, embodying able arguments in defense of the gold standard as well as the latest news concerning the currency question in its political and general aspects. This paper opposes the free coinage of silver and inflation schemes of every kind. Subscription only 50 cents a year.

ADDRESS — NATIONAL SOUND MONEY LEAGUE, 740 Monadnock Building, CHICAGO, ILL.

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THE MONEY QUESTION OF TODAY.

The purpose of this pamphlet is to look into the condition of the money question today and to ascertain if possible whether there has been any progress in public opinion since the great political battle of 1896 in the United States, and whether such progress has been in the direction of approving the use of gold or of silver as standard money and as the best measure of values. The battle of 1896 was a defensive one on the part of the advocates of the gold standard. They maintained that the existing standard was best, and that it had been reached by the commercial nations of the earth as the result of centuries of experience, and of the evolution from lower to higher methods and forms which goes on in all human affairs. On the other side, it was maintained that silver is needed as well as gold as a measure of values and as basic money. It was argued that there is not enough gold in the world to serve the needs of trade as money of final redemption; that the world's stock of gold is cornered and controlled by banks and capitalists, and that a return to the free and unlimited coinage of silver would be of great benefit to the laboring and producing classes generally. The victory at the polls in favor of the gold standard was not accepted as final, and from present appearances the old controversy is to be fought over again on the old lines in the approaching elections. It is therefore of interest to all candid and patriotic men to go over the ground anew and see if the conclusions reached in 1896 are still justified by the facts of the present situation.

Recent Events Reviewed.

The victory at the polls in November, 1896, gave a powerful impulse to the sound money cause. The popular verdict was emphatic. Efforts were made by the Silver party to belittle it by the unwarranted assumption that Bryan's popular vote, 6,511,073, represented a united demand to that extent for the free coinage of silver, making no allowance for many other potent considerations, such as party discipline in the East, and the dread of colored supremacy in the South, all of which helped to swell the Democratic vote.

Despite such misrepresentations, it was clear that the victory which gave President McKinley the electoral votes of twenty-three States and a popular vote of 7,107,822, represented truly the national will that the public credit should be maintained and be surrounded with safeguards that would render it impregnable against such assaults in the future.

Thoughtful men soon indicated the path to safety. The sound money press, that did so much to win the victory, espoused heartily the cause of monetary reform. President McKinley, in a letter to Mayor Strong, of New York, declared that: "We cannot adopt a different policy than that of sound money, worth its face value the world over, and constantly maintain every dollar of it at par, without trouble and distress in the end, to all our business interests and citizens. Poor money never made any country rich and sound money will not and cannot make any one poor." In his inaugural address, soon after, the President expressed his confidence that Congress would do its duty.

The Tariff bill being passed and signed, the need for monetary reform became still more apparent. Many public men of high rank in both the Republican and Democratic parties became actively interested in the

movement. Mr. Bryan, on the other hand, published a volume entitled "The First Battle," in which he reiterated his campaign fallacies. His adherents continued the agitation for the free coinage of silver. The Silver Republicans under the leadership of ex-Congressman Towne held a convention in Chicago, reaffirmed their free coinage demands, and formed a national organization.

The combination composed of Democrats, Populists and Silver Republicans tried hard to carry the fall elections in Ohio, Iowa and Kentucky. They re-accepted without reserve the Chicago platform of 1896 with all its malice, absurdity and falsehood. Ohio, which rolled back the tide of inflation in the memorable contest of 1875, remained loyal to the sound money cause and sent Mark A. Hanna anew to the United States Senate. In Iowa the Republicans and Gold Democrats elected by a plurality of 29,987, Governor Shaw, who had been nominated on account of his sound money record, and had conducted the campaign squarely upon that issue. In Kentucky, discord in the Republican ranks enabled the Silver Democrats to elect the clerk of the Court of Appeals by a plurality of 17,804. The Gold Democrats who manfully nominated a candidate polled 9,562 votes. In the city of New York the Democratic ticket won by a large plurality, but its supporters had carefully eschewed the free coinage issue.

The net result of the fall elections was to advance the cause of monetary reform. It received renewed strength from the firm ground taken by President McKinley in his annual message, wherein he held that the United States Treasury should re-issue greenbacks only in exchange for gold. He likewise directed the attention of Congress to the financial plan outlined by Secretary Gage, which is now before Congress.

This plan, which gave force and direction to the re-

form movement, was subsequently embodied in a bill which the Secretary of the Treasury sent to the House Committee on Banking and Currency. The provisions of the bill may be summarized as follows: A separate division is to be created in the Treasury Department to be known as the Department of Issue and Redemption; to it are to be transferred \$125,000,000 of the gold now in the Treasury and enough silver dollars and silver bullion to cover the outstanding silver certificates and the Treasury notes issued under the act of 1890; all government notes and silver certificates redeemed are to be held as part of the redemption fund and paid out again only for the coin in which they were redeemed; a new $2\frac{1}{2}$ per cent. government bond, expressly payable in gold coin, is to be issued, to take up outstanding bonds and to fund \$200,000,000 of government notes and silver certificates; these bonds are to be available to national banks up to their par value as security for circulation, and the banks, when they have issued upon them circulation to the amount of one-half their capitals, are to be allowed to issue an additional 25 per cent. without security, upon paying a tax on it of 2 per cent. per annum, which tax is to be held as a guarantee fund for the payment of the circulating notes; all bank notes are to be for not less than \$10 each, and all of them are to be guaranteed by the government and redeemed in gold at its sub-treasuries.

This measure met with hearty approval from the sound money press, and proved to be, in the main, in full accord with the opinions of the ablest authorities on American finance.

The Indianapolis Movement.

In November, 1896, representatives of commercial bodies in twelve western cities met in Indianapolis

on invitation of the Indianapolis Board of Trade and decided to call a Monetary Convention of business men delegated from the commercial organizations throughout the country. This convention met in Indianapolis in January, 1897, and appointed an executive committee, with instructions first to attempt to procure from Congress the passage of a bill authorizing the President to appoint a Monetary Commission, to consider the whole question of the currency, and failing in this to themselves name the commission and collect money to defray its expenses. The general purpose was to show that the business men of the country are in favor of certain definite measures of currency reform. The committee failed to secure the passage of the proposed commission bill by Congress, and proceeded to appoint a Monetary Commission of eleven prominent business men from different parts of the country and of different occupations. These gentlemen met in Washington, and were in session for three months. They agreed upon a plan of legislation, including the formal enactment of the gold standard, a new banking system, and the gradual retirement of all government demand obligations circulating as money. The aim was to produce a currency system that should be scientifically correct and safe and adequate to the needs of the country. The Indianapolis Convention was re-assembled in January, 1898, to hear the report of the commission, and it gave to that report its unanimous endorsement. The significance of the whole Indianapolis movement was to show that the men who conduct the business affairs of the country and who are certainly the best judges of what kind of money is needed are practically unanimous in favor of maintaining the gold standard, in opposition to the free coinage of silver and in favor of an improved banking system, competent to furnish the country with safe, redeemable paper money in any

quantities required for legitimate business transactions.

A bill embodying the plans of the Monetary Commission was introduced in the House of Representatives in February last, and was referred to the Committee on Banking and Currency. That committee appointed a sub-committee under the chairmanship of Mr. McCleary, of Minnesota, to consider all the various bills pending relating to the currency and to prepare a measure for the committee to report to the House. It is believed that this measure will be passed by the House, but may be defeated in the Senate by the same combination which readopted the old Stanley Matthews resolution. This measure may then become a platform of currency reform upon which all voters who supported McKinley in 1896 and also the National Democrats will unite, in the coming State and Congressional campaigns.

The National Sound Money League.

In February, 1897, delegates representing the principal cities in the country and a majority of the States in the Union met in New York and organized the National Sound Money League, for the purpose of maintaining the existing gold standard and opposing all attacks upon it, whether in the form of movements for the coinage of more short-value silver dollars or for the issue of more government notes to circulate as money. The League seeks to educate public opinion in favor of sound money by the distribution of papers and pamphlets, and promotes the organization of local clubs to co-operate with it. It has offices in the Monadnock Building, Chicago, and the Bowling Green Building, New York. It is non-partisan in its membership and aims, and its original members are composed in about equal proportions of Democrats and Republicans. It believes that the defense of the money of the country against attacks that seek to depreciate

its value, is a duty that appeals to all patriotic men, whatever their previous party connections may have been. The League has a vice-president in each State, and these officers meet once a year as a Central Council to control its policy and operations, and to elect an executive committee and officers. The League has given a hearty support to the Indianapolis Convention movement and its president, Hon. Geo. E. Leighton, of St. Louis, was vice-chairman of the Monetary Commission created by that body. It does not, however, commit itself to the advocacy of the special plan of currency reform prepared by the Monetary Commission, believing that it can do more effective work for the maintenance of the gold standard if it is not tied up to any special plan of legislation. It asks for the co-operation of all sound money men, and solicits such contributions as they may be willing to make to aid it in carrying on its work. Contributions should be sent either to the treasurer, Mr. A. B. Hepburn, at the City National Bank of New York, or to the associate treasurer, Mr. C. L. Hutchinson, at the Corn Exchange National Bank of Chicago.

The National Sound Money League issues in the form of an eight page paper, a monthly bulletin, entitled, "Sound Money," which keeps its readers fully informed concerning all public movements relating to the money of the country, and all propositions for legislation thereon. It presents the best new arguments in favor of the maintenance of the gold standard, in opposition to the free coinage of silver, and to all schemes that seek to lower the value of the national currency. It serves also as a medium for the interchange of opinion on these subjects and for the publication of news concerning the sound money cause. The subscription price of this paper is 50 cents a year. Subscriptions for "Sound Money" should be

sent to the headquarters of the League, No. 740 Monadnock Building, Chicago, Ill.

The Old Stanley Matthews Resolution.

At the instance of Senator Teller, the Senate Committee on Finance, on which the silver men have a majority, reported last January a resolution which was originally adopted as long ago as 1878 on motion of Senator Stanley Matthews, of Ohio. This resolution declares that it is not a breach of contract on the part of the government or in disregard of national honor to pay the bonds of the United States in silver, which are on their face made payable in coin. This resolution received 47 votes in the Senate against 32 in the negative or, allowing for pairs, 52 to 37. The purpose of the Silver Senators in bringing it forward was evidently to raise the old silver issue anew for use in the approaching Congressional district campaigns. They expected, too, to be able to charge inconsistency upon certain sound money Senators who voted for the original Stanley Matthews resolution in 1878. It was easy enough to show, however, that when the silver dollar contained 97 cents' worth of bullion, the question of paying the public creditors in such dollars was very different from that of paying them today in dollars containing only 44 cents' worth of bullion. The resolution was speedily taken up in the House, and after a brisk discussion was rejected by a vote of 182 nays to 132 yeas—almost a strict party vote. Politically the Republicans got a decided advantage from the whole incident of the revival of the old Matthews resolution, for they were able to put the Silver Democrats and Populists in the position of being partial repudiationists—aiming to pay the creditors of the United States in money worth much less than the standard money of the world, and seeking to take advantage of the

technicalities of a contract made when silver coin was intrinsically worth almost as much as gold coin. This was the position the Greenbackers got themselves into over a quarter of a century ago when they advocated the payment of the bonds in government notes worth only a little more than half as much as gold. The bonds have changed hands many times since they were issued, and every purchaser has bought them in the belief that they are payable in the recognized standard money of the world, which is gold coin. Few people have read them and had their suspicions of the honesty of the government aroused by the fact that the word gold does not appear before the word "coin." In the debate in the House the sound money men had much the best of the argument. They made the Silver men uncomfortable by the charge that they aimed not only to cheat the bondholder but also the plow holder, and the pension certificate holder and the savings bank book holder by paying them in a cheap and dishonest kind of money.

The President's New York Speech.

In sharp and wholesome contrast with the action of the Senate on the Teller-Matthews resolution was the attitude of President McKinley in his speech at a banquet of the National Manufacturer's Association in the city of New York on January 27th. On that occasion the President said:

"There is another duty resting upon the national government—to coin money and regulate the value thereof. This duty requires that our government shall regulate the value of its money by the highest standard of commercial honesty and national honor. The money of the United States is, and must forever be, unquestioned and unassailable. If doubts remain, they must be removed. If weak places are discovered, they must be strengthened. Nothing should ever tempt us—nothing will ever tempt us—to scale down the sacred debt of the nation through a legal

technicality. Whatever may be the language of the contract, the United States will discharge all its obligations in the currency recognized as the best throughout the civilized world at the time of payment. Nor will we ever consent that the wages of labor or its fragal savings be scaled down by permitting payment in dollars of less value than the dollars accepted as the best in every enlightened nation of the earth.

"Under existing conditions, our citizens cannot be excused if they do not redouble their efforts to secure such financial legislation as will place their honorable intentions beyond dispute. All those who represent, as you do, the great conservative and progressive business interests of the country, owe it, not only to themselves, but to the people, to insist upon the settlement of this great question now, or else face the alternative that it must again be submitted for arbitration at the polls. This is our plain duty to more than 7,000,000 voters, who, ten months ago, won a great political battle on the issue, among others, that the United States government would not permit a doubt to exist anywhere concerning the stability and integrity of its currency or the inviolability of its obligations of every kind.

"This is my interpretation of that victory. Whatever effort, therefore, is required to make the settlement of this vital question clear and conclusive for all time, we are bound, in good conscience, to undertake, and, if possible, realize. That is our commission—our present charter from the people.

"It will not suffice for citizens nowadays to say simply that they are in favor of sound money. That is not enough. The people's purpose must be given the vitality of public law. Better an honest effort with failure than the avoiding of so plain and commanding a duty.

"The difficulties in the path of a satisfactory reform are, it must be admitted, neither few in number nor slight in degree, but progress cannot fail to be made with a fair and thorough trial. An honest attempt will be the best proof of sincerity of purpose. Discussion cannot hurt, it will only help the cause. Let us have full and free discussion. We are the last to avoid or evade it. Intelligent discussion will strengthen the indifferent and encourage the friends of a stable system of finance.

"Half-heartedness never won a battle. Nations and parties without abiding principles and stern resolution to enforce them, even if it costs a continuous struggle to do so, and temporary sacrifice, are never in the highest degree successful leaders in the progress of mankind. For us to attempt nothing in the face of

the present fallacies and the constant effort to spread them is to lose valuable ground already won, and practically weaken the forces of sound money for their battles of the future.

"The financial plank of the St. Louis platform is still as commanding upon Republicans and those who served with them in the last campaign as on the day it was adopted and promulgated. Happily, the tariff part of the platform has already been engrafted into public statute. But that other plank, not already builded into our constitution, is a binding force upon us. What is it?

"The Republican party is unreservedly for sound money. It caused the enactment of the law providing for the resumption of specie payments in 1879; since then every dollar has been as good as gold. We are unalterably opposed to every measure calculated to debase our currency or impair the credit of our country. We are, therefore, opposed to the free coinage of silver, except by international agreement with the leading commercial nations of the world, which we pledge ourselves to promote; and until such agreement can be obtained, the existing gold standard must be preserved. All our silver and paper currency must be maintained at a parity with gold, and we favor all measures designed to maintain inviolably the obligations of the United States, and all our money, whether coin or paper, at the present standard, the standard of the most enlightened nations of the earth."

"This is, in reality, a command from the people who gave the administration to the party now in power, and who are still anxiously waiting for the execution of their free and omnipotent will by those of us who hold commissions from that supreme tribunal.

"I have tonight spoken in a somewhat serious strain, because I believe it is due both to the membership of this association and to the conditions under which this assemblage has met. The conferences and systematic efforts of such a body of men as this are capable of infinite good to the respective communities in which the members live, and to the nation at large.

"The country is now emerging from trying conditions. It is only just beginning to recover from the depression in certain lines of business, long continued and altogether unparalleled. Progress, therefore, will naturally be slow, but let us not be impatient. Rather let us exercise a just patience and one which in time will surely bring its own high reward.

"I have no fear for the future of our beloved country. While I discern in its present condition the necessity that always exists for the faithful devotion of its citizens, the history of its past is assurance to me that it will be, as it has always been, through every struggle and emergency, still onward and upward. It has

never suffered from any trial or been unequal to any task. Founded upon right principles, we have nothing to fear from the vicissitudes which may lie across our pathway.

"The nation, founded by the fathers upon principles of virtue, education, freedom and human rights, moulded by the great discussions which established its sovereignty, tried in the crucible of civil war, its integrity confirmed by the results of reconstruction, with a Union stronger and better than ever before, stands today not upon shifting sands, but upon immovable foundations.

"Let us resolve by our laws and by our administration of them to maintain the rights of the citizen, to cement the Union by still closer bonds, to exalt the standards of American civilization, to encourage the promotion of thrift, industry and economy and the homely virtues which have ennobled our people, uphold the stability of our currency and credit, and illustrate the purity of our national and municipal government, and, though the rain descends and the floods come and the winds blow, the nation will stand, for it is founded upon a rock."

These declarations were received with immense enthusiasm. The whole assembly rose to its feet and cheered the President with the most enthusiastic manifestations of approval.

The Wolcott Commission.

The St. Louis platform pledged the Republican party to promote the coinage of silver by international agreement and President McKinley, feeling in honor bound to carry out that pledge, asked Congress soon after he was inaugurated to give him authority to send a commission to Europe to confer with the governments of the leading nations and learn whether any agreement could be reached "favorable to the more extended use of silver as money." This authority was granted and the president named three commissioners, all of them Silver men, with Senator Wolcott of Colorado at their head. An ample appropriation was made for expenses and the commissioners spent six months in traveling about Europe from capital to capital. On their return in the autumn of 1897 they were forced to

report that they had accomplished nothing. In every country they were referred to some other country as the one which should take the initiative in any movement to rehabilitate silver. Germany said she would do nothing until England led the way. France also proposed to wait for England. The English Cabinet said they must hear from India before making any reply, and the response from India was so unfavorable that the negotiations were dropped. The general opinion of the European statesman expressed to the commissioners was that, abstractly considered, it would be desirable to restore silver to its old relation to gold of 16 to 1 or $15\frac{1}{2}$ to 1, the French ratio, but that they did not believe this could be done by free coinage or by any governmental action taken in defiance of the recognized commercial value of the two metals. As to a new ratio, that would involve the re-coinage of the whole great mass of silver coins now in existence, and, on the whole, they thought it best to let well enough alone and to continue to use silver as subsidiary money only. The general effect of the commission's report on the public mind in the United States was to confirm and extend the opinion already existing that international bimetallism is only a political fad and that it cannot be realized and should be abandoned as no longer a live issue.

The Improvement in Business.

No one can deny that there has been a general improvement in business since the election of 1896. The Silver men disputed it for a long time, but they have been forced to admit that business is really better throughout the country. They had prophesied all kind of ruin and disaster in case the people determined to stick to the good old gold standard money, and they hate to admit that they were false and lying prophets. Factories that were closed are again running, labor is

much more generally employed, the stores are selling more goods, bank clearances show large gains, and the railroads are transporting more passengers and more freight. Railroad business is perhaps the best index to general business conditions, and when the reports of the roads show that they are now spending \$50,000,000 a year for labor more than they were spending two years ago it is folly to deny that there has been a general improvement in business. People who expected a sudden leap from great depression to the activity and prosperity of speculative times have been disappointed, but reasonable men are satisfied with the fact that there is a steady movement in the right direction. The only thing that can check this movement is a renewed agitation for changing the money standard of the country and an apprehension that the scheme of the cheap silver men may in the end succeed. No man is likely to put good money into any form of investment or enterprise if he fears that the dollar he puts in will be made by law to be worth less than 50 cents. Stability of the money standard is absolutely essential to the prosperity of business. Sound money men are not only fighting their own battle but they are fighting for the interest of every man who lives by selling his labor for wages and every man who carries on a shop, a factory a farm or a store. The Silver orators and pamphleteers have not yet succeeded in showing that anybody will be benefited by the free coinage of silver at the ratio of 16 to 1 except the mine owners and the speculators.

Prices of Farm Products.

How are the free silver advocates going to patch up their arguments of 1896 to make them consistent with present conditions? They assured the farmers at that time that prices could not advance without an increase

in the currency through the free coinage of silver. Free coinage was not adopted, yet practically all farm products have advanced. Their frequent assertion in attempting to account for the improved conditions of the agriculturists has been that it is due solely to the fact that there is an extraordinary demand abroad for American wheat, by reason of shortage in foreign crops.

In this they ignore the fact that practically every article produced by the farmer has advanced meantime. Wool, for instance, which was worth 16 cents a pound when Mr. Bryan was nominated, is now worth 29 cents. Potatoes have more than doubled in price. Beef, which on July 1, 1896, was worth \$8.50 per barrel in New York markets, is now worth \$10; mess pork has advanced from \$8.25 to \$8.75. Beef carcasses in Chicago, which were worth 5½ cents when Mr. Bryan obtruded his borrowed crown of thorns and cross of gold upon the unsuspecting Chicago Convention, are now worth 7 cents in the same market, and hogs, which were then worth 3¾ cents are now worth 5¾ cents. Horses, which then averaged in the Chicago markets \$65, are now quoted at \$80.

Beeves on foot, per hundred, were then \$4.65, now \$5.20; sheep then \$4, now \$4.50; flour, which was then \$3.25, is now \$4.25; rye has advanced from 37½ cents at that time to 55 cents; barley from 30 cents to 42 cents per bushel; oats from 21½ cents to 28¼ cents; beans from \$1.25 to \$1.40 per bushel; onions from \$1.50 at that time to \$2.50 per bushel; bacon from 4¾ to 5 cents in Chicago markets; lard from 4 1-5 at that date to 5 cents on January 1, 1898; dried hides from 17 to 20 cents; flax from \$2.25 to \$3.25; hops from 7 cents per pound to 16 cents; tobacco from 11 to 15½ cents per pound.

And so on through the list, scarcely a single article of farm produce having failed to make a material advance. It will be well for the Silver orators to examine into this subject before they attempt to make further use of the old arguments, which were effective in the campaign of 1896.

General Progress of Two Years.

The general tendency toward the abandonment of silver as standard money and the adoption of gold as the single standard, which has been marked all over the world for the past half century, has gone forward at accelerated speed since the election in 1896. First Japan changed its money standard from silver to gold in order to get itself in a condition to compete with Europe for the trade of the world. Several of the small republics of Central and South America followed, convinced that the silver standard was a heavy burden to carry and not a benefit, as our silver men foolishly contended. Finally, the great empire of Russia, after accumulating gold for years in her central bank to this end, suddenly reformed her whole currency system and changed from the silver to the gold standard, making all her bank notes at once redeemable in gold. During this period not a single nation has changed from gold to silver or shown any disposition to do so, and there is not left in the world today a single silver standard country that would not gladly change to gold if it were able to do so. Even the wise Mexican president, General Diaz, has announced that he hopes that in time his country will succeed in getting its finances upon a gold basis. Mexico suffers a great loss in selling all her exports for silver and buying all her imports and paying the interest on her public debt with gold. The loss to the United States would be much greater if the scheme of the Silver men should win.

Coin and Paper Money.

Not only in this country, but in Europe, the demand for coin to be actually used as money is decreasing, and that for paper currency is on the increase. In Great Britain, indeed, under the operations of the Bank act of 1844, and owing to the tenacity with which the British people cling to old habits, the use of coin still largely predominates over that of paper, the total issues of paper in the whole United Kingdom amounting to but \$200,000,000, while coin in circulation is estimated at \$400,000,000. As travelers know by experience, notes of less value than £5, or \$25, are comparatively rare in England, and for paying sums of less than £5 only gold sovereigns and half sovereigns and silver half crowns and shillings are employed.

On the continent, however, a different state of things prevails. An official inquiry made last September into the kinds of money held in France by the treasury and by the Bank of France and by other great French financial establishments, showed that out of \$42,000,000 five-sixths was in Bank of France notes and less than one-eighth in gold coin, the remainder being made up of silver 5 franc pieces and small change.

Proportions of Coin and Paper.

Assuming this proportion to hold good throughout the country, the circulating medium of France consists of \$750,000,000 in paper, \$100,000,000 in gold coin and \$50,000,000 in silver coin. Germany uses \$350,000,000 in paper money, Austria \$320,000,000, Italy \$300,000,000, Spain \$125,000,000, and European Russia \$550,000,000, the aggregate, including France, being \$2,395,000,000 for a total population of 280,000,000. At the same ratio this country, with its population of 70,000,000, should have but \$600,000,000 of paper money, whereas, in fact, we have \$1,100,000,000.

The quantity of coin circulating in Great Britain and in France has been estimated, as we have seen, with approximate accuracy, but in the other European countries mentioned, it can only be guessed at. We know that in Italy gold and silver coin have both been entirely driven out by paper, and in Spain gold is not used; but no statistics show the coin circulation of Austria, Germany and Russia. In this country almost the only coin seen east of the Rocky mountains and north of the line of the Ohio river is fractional silver, while in the south and on the Pacific slope both silver dollars and gold coin are in general use. It is certainly safe to say that in the United States and in Europe the proportion of paper to coin passing from hand to hand is at least three to one, and probably it is more.

The reason for this preference of paper to coin is obvious. Paper is lighter and less bulky than coin and much more easily handled and counted.

All that is needed to make paper money as useful for currency purposes as coin is the confidence of the community that coin can be got for it on demand. This confidence inspires a willingness to receive it in place of coin, which makes it equal to coin for currency purposes.

The great and, as we see, increasing acceptability of paper promises to pay coin in place of the coin itself, has an important bearing upon the favorite argument of the silverites and bimetalists that the admission of silver to unlimited coinage would so increase the demand for it for monetary purposes, as greatly to increase its value.

It is noteworthy that this argument is most frequently employed in this country by men in the southwestern states, where silver dollars constitute a large portion of the circulating medium, and by those of the Pacific states, where gold is predominant. Seeing only

coin in daily business transactions, and making small use of bank checks, these men conclude that the field for the use of coin is unlimited, whereas the fact is the contrary.

So, too, in England, where, as we have said, little or no paper money circulates of less denomination than \$25, it is easy to fall into the delusion that the supply of coin is inadequate to the demand for it, and that its quantity might be largely increased without lessening its purchasing power.

The fallaciousness of this assumption in the United States is apparent from the fact that the Treasury holds \$400,000,000 in silver which nobody will take out of its vaults, and that the banks of Great Britain and of the continent hold immense sums of both gold and silver coin for which there is no demand by the public. Opening the mints to silver, therefore, would merely change the form of that metal from bullion to coin without lessening the quantity of it in existence and without creating any demand for it which would in the least diminish the supply of it available for commercial purposes.

The World's Stock of Gold.

The entire amount of gold money in the world was estimated in 1896 at \$4,300,000,000 and the total amount of gold, coined and uncoined, at \$7,400,000,000. The great period for the production of gold was from 1851 to 1875, when the total output was \$3,317,625,000, which was greater than the entire output for the 357 years since the discovery of America. The present rate of production is placed at about \$300,000,000 a year, but this is likely to be considerably increased during the next few years by the Alaska discoveries. The chief sources of supply of the yellow metal are the United States and South Africa, and it comes not from places

mining but from the extraction of gold from the rocks. Improvements in methods of extraction have contributed largely to the heavy increase in the total output. Ores that formerly would not pay to mine or treat are now very profitable, and gold mining has become to a very great extent a manufacturing process by which low grade ores, containing less than \$10 to the ton of metal, are first concentrated and then smelted. Much gold is also produced as a bi-product of copper and silver mining, the combined metals being first cast into ingots and the gold then separated from the cheaper metal. All indications are that the world's output of gold will increase instead of decrease, from year to year. There is, therefore, no danger of a gold famine or of such a scarcity as would increase the price of gold and consequently increase its purchasing power. The cornering of the world's gold supply exists merely in the lively imaginations of the Silver politicians.

Has Gold Become Dear?

It was a favorite assertion of the silverites during the campaign of 1896, that gold has appreciated in value by reason of its scarcity, and that in consequence the price of commodities generally has declined, greatly to the injury of producers. They were fairly driven from the field, however, on this line of argument, first by the showing made that it is the cheapening of the cost of production of nearly all kinds of manufactures and also of farm products by new inventions in machinery and by improvements of all kinds that lessens the cost of production and therefore reduces prices, and second by the fact that the purchasing power of gold in human labor has not declined at all. In no line of work can a man now be hired to work more hours for \$1 than he did thirty years ago. It is now agreed on all sides that the real test of the value of gold is not the quantity of com-

modities of any kind that a dollar will purchase but the amount of labor it will purchase. Finally, the contention of the silver men was completely overthrown by the general advance in the prices of agricultural products, which has taken place during the past two years. They maintained that wheat and corn and other farm products could not possibly go up until silver should be freely coined at the ratio of 16 to 1. These staples did go up and have stayed up and that ended the argument.

The gold standard people demonstrated that, after all, the chief function of gold is not its actual use as money but its service as a measure of values of all kinds of property, and they were able to show that in England only 1 per cent. and in the United States only 5 per cent. of all business transactions involving the payment of money are settled in coin or in currency, all the rest being settled by the transfer of credits and the use of checks and bills of exchange. This fact is of the greatest importance, as it makes it extremely improbable that there can at any time be a scarcity of gold for the business operations of the world.

The Bimetallic Argument.

The Silver men have generally abandoned their hostility to gold as money and now claim that it is better to have two kinds of metallic money than one. As a rule, they agree that the two could never be kept long at a parity of value, but they insist that it would be a good thing to have one kind of money cheaper than the other, so that debtors could use the cheaper one to pay their creditors in. They are not yet willing to admit that all attempts at bimetallicism in other countries have resulted in a practical monometallism of whatever was the cheaper kind of money at the time, and that this was also the experience of the United States for over fifty

years. It ought to be plain that if all debtors have the option to use a cheap kind of money they will use it, and the more valuable kind will go wholly out of use and will leave the country and go to other countries where it is in demand as currency. This has been demonstrated to be a fact again and again, and it is folly for any man to shut his eyes to it and go on with his old arguments for bimetallism. In no country in the world that still coins gold and silver freely at the old ratio is there now any gold in circulation as money. The silver men must admit, if they are at all candid, that their plan, if carried into effect, would make the United States a monometallic silver standard country—a condition which very few of them would say is desirable. No gain can possibly be figured out for farmers, laborers or manufacturers from driving the gold to Europe and basing prices and wages on a silver standard. That is what Mexico has done and all her publicists regret it and would be glad to escape, if they could, from the slough of silver.

The Decline in Silver.

Silver bullion has steadily declined in commercial value for many years. In 1873 it was worth \$1.298 per ounce and the metal in the silver dollar was then worth \$1.00. In 1896 silver sold on the average for 67.2 cents per ounce. It is now worth 55½ cents and the metal in the dollar is worth only 43 cents. Silver men claim that the decline has been caused solely by the refusal of the leading nations of the world to continue the free coinage of silver at their mints. Gold standard men reply that if this were the only cause the decline would have taken place at once on the closing of the mints to silver instead of going on steadily for a quarter of a century. They point to the fact that all the principal silver mines of the world are still produc-

ing and are evidently making money at the present low price, and they refer to the well-known economic law that it is impossible long to keep any article at a higher price than the cost of production plus a reasonable profit. In many of the mines of Idaho and British Columbia silver is now mined and smelted at a cost of not more than 25 cents per ounce, according to the statements the mining companies make to their stockholders. Plainly, it would be impossible to raise the price to the old figure of \$1.29 per ounce by free coinage. There are immense ledges of silver ore already prospected but not yet worked, and it certainly looks now as though silver can no longer be regarded as a precious metal and is no longer available as a general money metal. Fortunately, it is no longer needed by civilized peoples except for small coins. It will probably never be used again for the settlement of international trade balances or for the large uses of commerce. Nor is this prospect to be regretted. In all things there is evolution from coarser to finer forms and money can be no exception. Clam shells served the Indians as money. Iron was used in ancient Greece. Then copper was a universal money. Silver followed and last gold. The world may yet find some other metal in which more value can be condensed in less space than is possible in gold. But, in the meantime, gold is unquestionably the best form of universal money and no country can abandon it without loss to itself in its commerce with the rest of the world. To go back from gold to silver would be as unwise as to give up railroads and return to wagons and stage coaches. The world moves in money matters as in other things. At present the chief value of gold is not as a circulating medium but as a measure of values and a check on undue inflation of the various forms of credit money.

What Determines the Value of Metallic Money?

This is a question on which silver men and gold standard men differ widely. The silver men claim that it is the stamp of the government; their opponents say that it is the commercial value of the metal in the coin. If it is the government stamp, then why will five silver dollars stamped by the government of Mexico as one dollar each buy only half as much of any commodity in Mexico as one gold coin stamped by that government or by our government as five dollars? Evidently because the Mexicans know that the silver in those five silver dollars is worth less than half as much as the gold in the five dollar piece. Why are the silver coins of any country current in other countries only for their bullion value and why are the gold coins everywhere current at their face value? All that the government stamp does for a coin is to certify to the amount of metal in it and the fineness of the metal. Subsidiary coins are an exception. They are, in fact, tokens used for the convenience of the people in small transactions. No one insists that the nickel shall contain five cents' worth of nickel or that the copper cent shall contain one cent's worth of copper. In old times, however, when big copper cents and pennies were used the idea was to put about as much metal in them as would be worth their face value. All coinage from the dawn of history has been based on the idea that each coin should contain as much value in metal as it claimed in its inscription to be worth. Governments when hard pressed for money sometimes departed from this rule and debased the coinage, but this was always thought to be a heinous offense, and the debased coins were speedily estimated at their real worth in circulation. The silver men of today take the absurd position that it is the duty of the government to coin forty-four cents' worth

of silver into a dollar and stamp it a dollar and compel people to take it for a dollar, because that amount of silver was worth a dollar thirty years ago.

A Double Standard Impossible.

The difficulty in arguing with a silver man is that what he wants is the establishment of the single silver standard in the United States while all the time he talks for a double standard. Now, a double standard is illogical, impossible and unthinkable. No two commodities always bear just the same relation to each other in value. You can no more determine by law that sixteen ounces of silver shall always be worth as much as one ounce of gold than you can make five bushels of potatoes always worth one bushel of wheat. There must be one standard and measure of values just as there must be one standard and measure of length, of weight and of capacity. We cannot do business with two kinds of bushels, one smaller than the other, or with two kinds of yards of different lengths or with two kinds of acres of different areas. We must know just what the pound is and the bushel and the acre or we cannot buy and sell. This ought to be plain to the most ordinary intelligence. Yet such is the power of political fanaticism in unsettling reason, that there are men who actually claim that it would be a national benefit to have two kinds of dollars, one made of metal worth 100 cents and the other of metal worth 44 cents. Ah, but they tell us that if the government would go again into the free coinage of silver the metal in the silver dollar would be worth 100 cents. This is a pure assumption. Why is not the silver in the Mexican dollar worth as much as the gold in the gold dollar in that country? We are told by Bryan that Mexico is an active and prosperous country. What is the matter with her silver dollar? It is legal tender and is the

standard money of the country and it contains a little more silver than our dollar. Yet it is worth, for purchasing any kind of goods, less than half as much as the gold dollar. And that would be the condition of our dollars if we went into the free and unlimited coinage of them as Mexico does.

A people can use almost anything for money if forced to by law, but they will by common sense estimate the value of that kind of money and measure the value of their commodities by the standard money of the world, which is gold. This we saw during our civil war, when the people were forced to use irredeemable government notes as money dependent for redemption at some time in the future on the success of the government in the war. The notes ran down in value, compared with gold, to forty cents on the dollar, but when the government was able to redeem them they went up to par.

Debtors and Creditors.

The Silver orators have a good deal to say about the creditor and debtor classes, representing the creditors as grasping, cruel and avaricious, and the debtors as oppressed and down-trodden. This is all wind. The truth is that every man is a creditor as well as a debtor. The wage-earner is a creditor to the amount of the wages due him next Saturday night and to the amount of his little deposit in the savings bank. The farmer is a creditor to the amount of the future value of his growing crop. The little storekeeper is a creditor to the amount of all the small debts due him. The old soldier is a creditor to the amount of his next pension payment. All classes have a common interest in sound money and it is the rankest nonsense to argue that any good would come to the community at large by adopting a cheap kind of money that would enable debtors

to cheat creditors. The Republicans and the Gold Democrats were able to show to the country in 1896 that the Bryan plan of cheap silver dollars would rob all investors of half the value of their investments, all savings bank depositors of half of their deposits, all holders of insurance policies, whether life or fire, of half their face value, all pensioners of half the value of their pension payments. No effective answer was made to this argument and it is as strong today as it was then. The old issue between honest money and dishonest money is before the country again and the old arguments are being used again by the silver men. Not a single new one has been advanced, but the progress of the world has furnished the gold standard men with a multitude of new arguments in addition to their old ones, which are just as good as ever. All the tendency of civilization is toward the gold standard, because a double standard is impossible and a silver standard is antiquated, burdensome and outgrown.

Below the Surface.

Below the surface of the agitation for cheap silver and other forms of cheap money will everywhere be found a communistic feeling very similar to that which inspires the socialistic movement in Germany, France and other European countries. It shows itself in the growing hostility of the poor toward the property-owning class, of debtors toward creditors, of employees toward employers, of laborers toward capitalists. This feeling is constantly appealed to and increased by the free silver newspapers and orators, who attempt to show that the rich are oppressing the poor. Multitudes of people voted for Bryan without having any comprehension of the question between the silver standard and the gold standard, but because they imagined Bryan to be the poor man's champion. There never

was a greater delusion than to imagine that to reduce the value of the money of the country would benefit those who have to work with their hands for a living. Only a very low type of demagogue seeks to stir up the men who have nothing against those who have accumulated some property, by appeals to prejudice, envy and hatred. There are no barriers between classes in the United States. The rich men of today nearly all began life as poor men and the opportunities for poor men to get rich are just as good as ever. People who declaim against class legislation should be asked to point out the specific laws which they denounce. All the drift of legislation in recent years has been against the accumulation of capital and against trusts and monopolies and in favor of the working men. It is a political humbug to say that the government has passed into the hands of the rich. The working men will always have a hundred votes to the capitalists one and can always control elections and legislation.

The employe who votes for cheap silver money because he wants to strike a blow at his employer, will find that the blow will recoil upon himself, for in the disorganization and destruction of business which would follow the free coinage of silver he will be out of a job, while the employer will have saved enough to live upon until the storm blows over and common sense again reigns. The fact that a man has saved money and owns the house he lives in by no means shows that he is a bad man who is oppressing the poor. On the contrary, it demonstrates pretty well that he has been industrious, thrifty, competent and faithful, and he is likely to be a much more useful friend to the poor man than the demagogue who spouts oratory from the street corners and spends his leisure hours in the beer saloons. The poor man needs the capitalist to give him employment and the capitalist needs the

poor man to work for him. Their interests are closely allied and they should stand together for good money and good government.

Farm Products Go Up; Silver Goes Down.

In the campaign of 1896 the advocates of the free coinage of silver at the old ratio of 16 to 1 based their case almost wholly on the claim that the fall in prices of farm products was occasioned by the fall in the price of silver. Everybody knew that prices generally had been going down steadily for years, and everybody knew that there had been a great fall in the commercial price of silver bullion. It was easy to put these two facts together and to make an impression on the public mind. The Silver men claimed that silver had declined because the government no longer coined it into legal tender dollars free of charge to the bullion holders. The argument naturally followed that the only way to make prices of farm products go up was to again open the mint to the free coinage of silver. It was a taking argument and it won a great many votes. Since the election, however, the fallacy of this argument has been demonstrated by facts that cannot be disputed. Statisticians have compiled from the Chicago Board of Trade reports and other sources, the prices at different dates of the three great classes of farm products—breadstuffs, provisions and wool—and tabulated them with the prices of silver on the same dates. The first date chosen is the day of the nomination of Mr. Bryan at Chicago; the last is the 10th of March, 1898. The result is to show that while silver had steadily declined the prices of farm products have steadily risen. The table giving the prices in cents is as follows:

	Silver, per ounce.	Wheat, No. 2 Red, per bushel.	Mess Pork, per barrel.	Wool, Ohio X, per lb.
1893, July 10.....	69.2	63.5	7.75	17.0
1893, Sept. 26.....	66.0	74.5	8.25	18.0
1893, Nov. 1.....	65.6	85.0	8.50	19.0
1894, April 17.....	62.5	96.5	8.75	21.5
1894, Sept. 16.....	57.4	100.5	9.50	26.5
1894, Dec. 18.....	56.6	102.2	9.00	27.5
1894, Feb. 25.....	55.6	104.2	10.75	27.5
1894, March 10.....	54.3	106.5	10.75	28.0

Other statistics are equally instructive, disproving the claim commonly made in the South that the price of silver controls the price of cotton. They show that the price of middling cotton in New York fluctuated greatly between 1850 and 1871, while the price of the bullion in the silver dollar remained almost unchanged.

The Issue Clearly Defined.

The issue between the forces of honest money and those of cheap and dishonest money is now clearly defined. The cheap Silver men want to pay all public and private creditors in silver dollars, to change from the gold to the Silver standard and to lower the value of the entire paper currency of the country and of all investments, credits and savings to less than fifty cents on the dollar. The sound money men seek to maintain the gold standard and to pay all debts in the recognized standard money of the world, which is as good in one country as in another. There ought to be no question in the mind of an honest voter as to which side he is going to stand upon. On one side there is national honor, business stability, public safety and private honesty. On the other appear national dishonor, repudiation, the cheating of creditors and of economical people who have saved a little money and the general ruin of business, with closed shops and factories and unemployed labor. The verdict of the people on this issue will be more emphatic than it was in 1896.

What is Sound Money?

There are two antagonistic views of money extant. One is that real money must be made of some material that in the common judgment of mankind has actual value in itself and that every coin should contain an amount of that material which would in the markets of the world be worth as much as the coin claims on its face to be worth; and further, that all good paper money must be redeemable at the will of the holder in real money, the paper money being in fact a note agreeing to pay real money on demand. The other view is that money is something created by the government and depends for its value not on the worth of the material it contains but solely upon the stamp placed upon it.

The Silver men do not take either position squarely. They admit that actual money must be made out of one or the other of the precious metals and that the material composing it must have value in itself, but they insist that the value of the coin is whatever the government stamps upon it and does not necessarily depend on the value of the metal in it. They claim that the government can coin an unlimited number of dollars containing less than fifty cents' worth of silver in each and that such dollars would be worth just as much in circulation as gold dollars containing one hundred cents' worth of metal in each.

The fiat money people, most of whom are now Populists, are much more logical. Believing that it is the stamp that makes the money they insist that it is folly to use a costly material such as silver or gold when just as good money can be made out of pieces of paper which cost practically nothing. Sound money men do not insist that real money must necessarily be made from gold, but they do say that as matters now stand in the world gold is much the best money metal, be-

cause it is the most constant in value, because it is highly prized by all men in every part of the globe and because by long established custom it is everywhere accepted as the standard of value. Its worth does not depend on any mint stamp. If you melt down a five dollar gold piece and make a slug of it, that slug will still be worth five dollars in any place in the world. Melt down five silver dollars and the slug will no where exchange for more than two and a quarter dollar's worth of goods. Gold standard advocates admit that perfectly sound money can be made from silver by putting a dollar's worth of the bullion into each coined dollar but no silver agitator is willing to have this done. There is really no logical middle ground between the gold standard theory and the theory of the fiatists.

The assertion that there is not enough gold in the world to serve as a safe basis for the paper currency has been disproven again and again. There is nothing in the argument that gold is cornered and that the world's stock does not increase as fast as population or the bulk of business transactions. Statistics show that there is a great deal more gold in this country now per capita of the population than there was of both gold and silver thirty years ago, when the silver men say we had a perfect bimetallic currency. The following table of each year's production from 1883 to 1898 is a conclusive answer to the common argument of the Silver agitators that there is a scarcity of gold and that gold has consequently increased in purchasing power:

Year.	Gold.	Silver.
1883	\$95,400,000	\$115,300,000
1886	106,000,000	120,600,000
1889	110,196,900	140,706,400
1890	118,848,700	163,032,000
1891	130,650,000	177,352,300

Year.	Gold.	Silver.
1892	146,651,500	198,014,400
1893	157,494,800	213,944,400
1894	181,175,600	212,829,600
1895	199,304,100	216,292,500
1896	202,956,000	213,463,700
1897	240,000,000	220,000,000
1898	275,000,000	220,000,000

What, then has caused the great fall in prices which we all know has taken place during the past ten or fifteen years? The cumulative effect of a whole century of labor saving inventions. Is it reasonable to suppose that this effect could have been avoided by continuing to coin silver dollars and stacking them up in the Treasury? Thousands of ingenious inventions have come into use to lessen the amount of human labor that goes into the production, handling and transportation of all the articles of human use. With the great reductions in the cost of making things resulting from all the new machinery and processes it was not possible to keep up the selling price of things to the old figure. The fall in prices is an accompaniment of the advance in civilization. Temporarily it injures many people, but it unquestionably benefits ten where it hurts one. The world was no better when a farm wagon cost a hundred dollars than now when one can be bought for forty, but perhaps the wagon makers cannot make as much money. It certainly is an advantage to most people to be able to get a suit of clothes for fifteen dollars that used to cost fifty. Would any one want to see sugar put back to the old price of twelve or fifteen cents per pound?

Prices depend on the cost of production and to some extent on demand and supply and they do not depend on the quantity of money in circulation. The tailor would not willingly sell a coat for less than the cloth and the making cost him, no matter how little money there might be in circulation in his town. Silver men

say that falling prices are a great evil and that the benefit of a cheaper basic money than gold would be that prices would be put up. But what proportion of the community would be benefited by a general advance of a hundred per cent. in prices? Certainly not the wage earners, the salaried classes or those who live on incomes from investments. To double the prices of groceries, clothing, flour, meat, rents and taxes would not be hailed by them as a blessing. It would be a long time, if ever, before they could increase their incomes proportionately. Is not everybody safer to have the money of the country let alone upon the gold standard, where it has been since 1834, rather than to have a radical change made by law in the purchasing power of the dollar?

Intrinsic Value.

Cheap money men of all kinds object to the use of the phrase intrinsic value as applied to metallic money, because such money is not itself directly applicable to the supply of human wants. They say that gold and silver coins cannot be eaten, drunk, nor used for clothing or shelter and that they therefore have no intrinsic value. This is a mere juggling with words. What sound money men mean by intrinsic value in metallic money is that such money has by the general opinion of civilized men a definite value, not depending upon any credit of a government, bank or individual but depending solely on the worth of the metal contained in the coins, which are exchangeable everywhere for the articles which human beings need. No act of Congress or coinage stamp fixes this value. The government stamp only determines the weight and fineness of the metal in the coin. No money can be sound that depends upon legislation for its value.

The Old Fight Over Again.

From all indications it now appears almost certain that the old fight of 1896 between the gold and silver standards of money must be fought over again not only in the State campaigns of this year and next year but also, in a final struggle, in the great Presidential battle of 1900. Every Democratic convention held this year in States west and south of Pennsylvania has passed resolutions reaffirming the Chicago platform of 1896 and specially endorsing the free coinage of silver plank of that platform. It cannot be said that this new declaration of faith in the power and duty of the government to make forty-four cents' worth of silver pass as a dollar in unlimited quantities has been made with the old time enthusiasm, and it is probably fair to say that it has been made at all only because the Silver Democratic politicians do not see any other issue in current politics that they think would be so effective in rallying voters against the Republican party.

It must be admitted that the arguments of the last two years against the wisdom and the honesty of making a cheap dollar and giving it a retroactive right to pay debts contracted on the gold standard have made considerable impression on the public mind and that the revival of business and the rise in prices have made a stronger impression.

The silver issue cannot be as strong or as threatening as it was in 1896, but it is still alive and it is the duty of Sound Money men to continue to combat it vigorously until it wholly disappears from the field. If the Silver delusion is to be definitely killed there must be victories for sound money in the State elections this year such as were won in the Iowa and Ohio elections last year. The smallest indications of a change in public sentiment will give fresh life to the dying cause of bad money. Argument against the silver

theories is much easier to make now than in former years for the reason that time has conclusively proven the falsity of the main contentions of the sixteen to one advocates. Business has revived under the gold standard in spite of the predictions of Bryan and his followers that it would necessarily go from bad to worse if that standard were longer maintained. Labor is more largely employed and at better wages than two years ago although those false prophets then assured the working men that unless silver were restored as a full money metal the streets would be thronged with idle men and the cries of starving women and children would fill the air. Prices of farm products are generally much better than in 1896 in spite of the dismal predictions that they must continue to go down as silver declined. There is no lack of money with which to do business although the Silver fanatics declared that unless silver were remonetized there would soon be such a scarcity of currency that property would have scarcely any salable value. The Silverites can be overwhelmed this year by merely reading their predictions made in 1896 and reciting the well-known facts of the present situation. The country has done nothing for silver of late, yet the country has recovered from the paralysis of business which recently prevailed because people are now assured that they can do business with safety because a large majority of the voters voted in 1896 that there should be no debasement of the American dollar.

The various State and Congressional district conventions of the two old parties held thus far in the present year have taken positive ground on the money question. With the exception of Pennsylvania, where the Sound Money Democrats controlled the convention all the Democratic State conventions have re-affirmed the sixteen to one free silver plank of the Chicago platform

and the district conventions have followed their lead. It is noticeable, however, that the Silver resolutions were adopted, as a rule, without enthusiasm and in rather a perfunctory way and with some reluctance as though the action were taken as a matter of duty on the ground that the Chicago platform is binding upon the party until a new national convention modifies it. There is no longer the old fervor for the doctrine that the unlimited manufacture of short value silver dollars would be a great national blessing.

The Republican conventions have everywhere condemned the free coinage of silver at the old ratio and most of them have spoken out plainly for the single gold standard, showing a progress of opinion away from the notion that a double standard for money is either possible or desirable. In the absence of other issues the campaigns this year are evidently going to be waged on the precise ground that was fought upon in 1896.

The conditions differ so widely now, however, from those that prevailed two years ago that it will not be possible to create such an intense state of feeling over the question as to deprive men of reasoning faculty and cause them to close their ears to all arguments not supporting their side of the controversy. Farm products now command much better prices than they did in 1896; business is fairly active and labor is generally employed at fair wages. The Silver question has passed to an academic stage in its discussion and no longer appears to be a matter of immediate and urgent self interest to a multitude of voters. The strong upheaval of patriotism caused by the late war with Spain obscured it for a time in the minds of most voters and it does not seem likely to be revived with its old fascination and power. The Silver men now like to call themselves bimetalists although they

know that to carry out their theories would be to drive gold out of the country and to bring us upon a mono-metallic silver basis.

A false doctrine is always dangerous, however, as long as it shows any signs of life. "Ill weeds grow apace," says an old proverb. In the absence of any other positive national issue on which one of the great parties can rally the voters it is probable that the Silver question will survive for a long time and that if it should finally disappear from the field of politics it will be followed by a revival of the old demand for a redundant and irredeemable issue of government paper money. This is now the main plank of the Populist platforms and that party has of late shown a disposition in its conventions to refuse to make a new fusion with the Democrats and to stand on its old ground that neither gold nor silver is needed for money and that the best currency would be fiat paper issued by the general government. It would not be surprising if the Populists, having coaxed the Democrats to come upon their platform in regard to silver in 1896 should in 1900 persuade them to take another step on the slippery road of cheap money and adopt their view that there should be no bank notes and that all paper money should be issued by the national government and forced on the people by legal tender enactments.

The Executive Committee of the Indianapolis Convention maintains an active existence under the Chairmanship of Hugh H. Hanna and has an office in Indianapolis from which it circulates documents and labors constantly to bring the influence of the business men of the country to bear upon members of Congress to secure the adoption of such legislation as will take the money question out of politics by giving to the country a sound and permanent system of currency based upon gold. While preferring the bill of the

Monetary Commission for this purpose the Committee works heartily for the passage of all measures that take steps in the right direction.

The Theory of Money.

The Silver advocates now rest their arguments almost wholly upon what is called "quantitative theory of money." They assume that prices are regulated by the supply of money as compared with the supply of commodities; that, if the stock of money is relatively increased, prices advance, and that, if it is diminished, prices decline. Hence, assuming that there has been a large relative diminution in the modern use of silver money, they allege that to have been the cause of the fall of 49 points in average prices of commodities between 1873 and 1896 indicated in Sauerbeck's chart of index numbers—said fall being about 45 per cent. from that economist's computed normal standard.

This theory was advanced by many of the ablest writers on money of the last generation, but it has become obsolete since the general use of bank checks and drafts to perform the uses of money and it is not now maintained by eminent authorities on finance. It would be as sensible to quote writers on transportation who lived when all transportation was done in wagons and sailing ships as to now appeal to Mill, Ricardo and others of their day to support the contention that prices depend on the stock of money in circulation instead of on supply and demand. William Dods-worth, editor of the *New York Journal of Commerce*, in a recent article on this subject says:

"This claim is simply an *a priori* deduction from theory. The evidence from facts leads to a very different conclusion. The movement of silver from 1873 to 1895 demonstrates that there has been no such suspension of the use of silver as these theorists assume, but, on the contrary, that there has been a vast inflation

of the volume of the world's stock of silver money, which fact they adroitly conceal. The report of the Director of the United States mint shows that the production of silver in all countries, from 1873 to 1895, aggregated 2,294,943,000 fine ounces. According to the same authority, the silver coinage of all nations within these twenty-three years was 2,225,978,000 ounces, the coined value of which amounted to \$2,878,000,000. The amount of re-coinage included therein was \$380,000,000; which leaves \$2,498,000,000 as the net amount added to the silver.

"It therefore follows that the cause set up to account for the great decline in prices—namely, a large and potent contraction of the use of silver coin—is absolutely non-existent. There is not the shadow of a semblance of evidence of any such accident having befallen the world's silver money; on the contrary, the creations of silver currency from 1873 to 1895 have immensely exceeded any previous coinage of that metal in the world's history. A recent statement of the world's stock of silver money, by the Director of the Mint, shows the total in existence in 1894 to have been \$4,055,000,000. If, as we have shown, \$2,498,000,000 of this sum has been created since 1873, it follows that since that year (1873) the world's stock of silver coin has been increased 160 per cent., or to nearly treble its volume in 1873. This increase as we shall show, is eleven-fold the ratio of expansion in the foreign commerce of the world within the same period; and, from that fact, it is inferable that the increase in silver circulation is also correspondingly in excess of the increase in the volume of the *internal* commerce of the several countries. It follows, therefore, that for the last twenty-three years, the increase in the silver portion of the world's money has been immensely in excess of the ratio of increase in the requirements for circulating medium; and that, in this sense, there has been a most real and enormous silver inflation. According to the logic of these theorists, there should have been along with this \$2,498,000,000 inflation of silver money, a great rise in prices; instead of which we have had, as above shown, an average fall of 45 per cent. These facts most utterly extinguish two pernicious errors—first, that there has been a contraction in the use of silver money since 1873, its volume having on the contrary been increased immeasurably beyond all precedent; and, second, that monetary inflation produces an inflation of general prices, the course of values having actually run in an unprecedented measure in the direction directly opposite to that called for by this quantitative theory.

"There is, however, another very important set of facts bear-

ing upon this question. The monetary inflation has not been confined to silver. There has been a contemporaneous immense increase in the stock of gold money. The Mint Report shows that the value of the world's production of gold for the twenty-three years 1873-1895 aggregated \$2,728,000,000. From data contained in the Mint director's Report on the "Production of Gold and Silver," we conclude that the product taken for the arts industries cannot have exceeded \$50,000,000 per year for all countries; from which it would result that the contribution to the world's stock of gold money, during this period, is not likely to have been less than \$1,580,000,000. As the stock of gold money in the world is now estimated by leading monetary authorities at \$4,000,000,000 it would follow that, after deducting the increment of 1,580 millions within these twenty-three years, the stock in 1873 must have been about \$2,420,000,000. According to these data, the increase in the world's circulation of gold since 1873 has been at the rate of 65 per cent.

"How does this increase compare with that of the world's commercial operations? Comparing the total foreign commerce (imports and exports) of nine leading European countries and of the United States, we find their combined total to have been in 1873, \$10,529,000,000, and in 1893 or '94, \$12,047,000,000, the increase during the interval being \$1,518,000,000, or at the rate of 14 per cent. Assuming the progress of internal trade to have been in about the same ratio as that of the external, we may accept 14 per cent. as expressing the rate of increase in the value of all commerce since 1873. Of course, this ratio is very far from expressing the progress in the quantity of commodities handled. We are dealing, however, purely with a question of money valuations; and these facts show that while there has been an increase of only 14 per cent. in the sum of the commercial values to be transferred, there has been an increase in the stock of gold money available for such settlements amounting to 65 per cent.

"We recapitulate the main facts of this most extraordinary of all epochs in the history of currencies:

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| 1. An increase in silver coin of | \$2,498,000,000 or 160 p. ct. |
| 2. An increase in gold coin of | 1,580,000,000 or 65 p. ct. |
| 3. An increase in commerce of | 14 p. ct. |
| 4. An average fall in prices of | 45 p. ct. |

"These data cover a continuous period of twenty-three years,—sufficient to afford a full and fair test of the pretensions of any true economic theory; and we find, on applying them to the quantitative theory,—namely that the volume of the currency governs

the prices of commodities,—to be in flat opposition to it at every point and through the entire period. There has been an inflation in the stocks of coin which, according to this theory, should have been attended with almost a doubling of prices. There has been a decline in prices which should have been attended by an immense contraction of the volume of money, but we have had an unprecedented inflation of the circulating medium. Who is prepared to reconcile these facts with the quantitative illusion? It is a pure fiction which it would be a gross misnomer to denominate an economic principle. And yet this ridiculous conceit is the foundation stone of free coinage. The depression of the times and the great fall in prices which has contributed to it are charged to have come from the demonetization of silver and a consequent contraction of the supply of money. The foregoing facts show that these pretensions are stupendous deceptions."

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